

**EARLY LEARNING COALITION  
OF MANATEE COUNTY, INC.  
AND AFFILIATE**

**Combined Financial  
Statements  
and Supplemental  
Information**

**Years Ended June 30, 2022  
and 2021**

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**INDEPENDENT AUDITOR’S REPORT**

To the Board of Directors of  
Early Learning Coalition of Manatee County, Inc. and Affiliate  
Palmetto, Florida

**Report on the Audit of the Financial Statements**

We have audited the accompanying combined financial statements of the Early Learning Coalition of Manatee County, Inc. and Affiliate (nonprofit organizations) (collectively, the “Organization”), which comprise the combined statements of financial position as of June 30, 2022, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

### ***Auditor's Responsibilities for the Audit of the Financial Statements (continued)***

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Report on Summarized Comparative Information***

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, State of Florida Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Division of Early Learning, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, State Financial Assistance, and Local Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2023 on our consideration of Early Learning Coalition of Manatee County, Inc. and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Early Learning Coalition of Manatee County, Inc., and Affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Early Learning Coalition of Manatee County, Inc. and Affiliate's internal control over financial reporting and compliance.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
March 22, 2023

**Early Learning Coalition of Manatee County, Inc. and Affiliate**

**COMBINED STATEMENTS OF FINANCIAL POSITION**

**June 30, 2022 and 2021**

	2022	2021
<b>ASSETS</b>		
Current assets:		
Cash and equivalents	\$ 4,424,366	\$ 2,252,923
Grants and accounts receivable, net	900,758	1,000,146
Prepaid expenses	39,876	18,762
Total current assets	5,365,000	3,271,831
Property and equipment, net	218,465	207,999
Deposits	20,000	20,000
Total assets	\$ 5,603,465	\$ 3,499,830
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 3,959,948	\$ 2,106,179
Accrued salaries	109,458	101,299
Accrued benefits	230,739	224,260
Deferred revenue	22,690	85,822
Total current liabilities	4,322,835	2,517,560
Net assets:		
Without donor restrictions	1,275,658	977,298
With donor restrictions	4,972	4,972
Total net assets	1,280,630	982,270
Total liabilities and net assets	\$ 5,603,465	\$ 3,499,830

The accompanying notes are an integral part of these combined financial statements.

**Early Learning Coalition of Manatee County, Inc. and Affiliate**  
**COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Year Ended June 30, 2022**  
**(with comparative totals for the year ended June 30, 2021)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
<b>REVENUES AND OTHER SUPPORT</b>				
Federal and state grants	\$ 30,627,221	\$ -	\$ 30,627,221	\$ 24,888,137
Local grants	2,989,923	-	2,989,923	3,678,464
United Way	65,000	-	65,000	61,796
Special events, net of related expense of \$66,010 and \$12,844, respectively	36,792	-	36,792	43,891
Contribution of non-financial assets	15,950	-	15,950	14,263
Magazine income	139,781	-	139,781	111,245
Contributions	182,455	-	182,455	36,030
Other income	231,376	-	231,376	109,296
<b>Total revenues and other support</b>	<b>34,288,498</b>	<b>-</b>	<b>34,288,498</b>	<b>28,943,122</b>
<b>EXPENSES</b>				
Program services:				
School Readiness	23,057,529	-	23,057,529	19,004,626
Voluntary Pre-Kindergarten	6,127,992	-	6,127,992	5,261,882
Other	2,424,461	-	2,424,461	2,128,244
NextGen	269,627	-	269,627	192,458
Moore Communications Group	-	-	-	24,040
<b>Total program services</b>	<b>31,879,609</b>	<b>-</b>	<b>31,879,609</b>	<b>26,611,250</b>
Supporting services:				
Management and general	2,110,529	-	2,110,529	1,756,659
<b>Total expenses</b>	<b>33,990,138</b>	<b>-</b>	<b>33,990,138</b>	<b>28,367,909</b>
Changes in net assets	298,360	-	298,360	575,213
Net assets, beginning of year	977,298	4,972	982,270	407,057
<b>Net assets, end of year</b>	<b>\$ 1,275,658</b>	<b>\$ 4,972</b>	<b>\$ 1,280,630</b>	<b>\$ 982,270</b>

The accompanying notes are an integral part of these combined financial statements.

**Early Learning Coalition of Manatee County, Inc. and Affiliate**

**COMBINED STATEMENTS OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2022**

**(with comparative totals for the year ended June 30, 2021)**

	Program Services				Supporting Services	Total Expenses	
	School Readiness	Voluntary Pre-Kindergarten	Other	NextGen	Management and General	2022	2021
Salaries	\$ 1,193,401	\$ 93,534	\$ 449,946	\$ 53,758	\$ 1,195,854	\$ 2,986,493	\$ 2,753,837
Fringe benefits	296,371	23,567	95,510	11,774	288,460	715,682	707,302
Total salaries and related expenses	1,489,772	117,101	545,456	65,532	1,484,314	3,702,175	3,461,139
Payments to providers	20,894,317	5,990,618	1,361,764	-	1,285	28,247,984	22,811,792
Office expense	173,576	6,411	105,368	141,450	282,329	709,134	629,388
Supplies	205,286	1,466	86,453	2,720	68,528	364,453	742,068
Occupancy	129,171	9,769	75,982	3,506	95,784	314,212	300,545
Promotional activities	69,593	802	109,482	24,625	6,538	211,040	33,257
Professional fees	20,828	800	21,011	15,651	126,541	184,831	172,609
Travel and training	19,423	241	66,314	679	35,715	122,372	56,845
Payments to contractors and vendors	42,484	-	5	40	784	43,313	72,104
Insurance	12,166	748	9,740	848	8,381	31,883	29,154
Non-financial expense	-	-	2,000	13,950	-	15,950	14,263
Other	913	36	1,395	626	330	3,300	17,005
Total expenses before depreciation	23,057,529	6,127,992	2,384,970	269,627	2,110,529	33,950,647	28,340,169
Depreciation	-	-	39,491	-	-	39,491	27,740
Total expenses	<u>\$ 23,057,529</u>	<u>\$ 6,127,992</u>	<u>\$ 2,424,461</u>	<u>\$ 269,627</u>	<u>\$ 2,110,529</u>	<u>\$ 33,990,138</u>	<u>\$ 28,367,909</u>

The accompanying notes are an integral part of these combined financial statements.

**Early Learning Coalition of Manatee County, Inc. and Affiliate**

**COMBINED STATEMENTS OF CASH FLOWS**

**Year Ended June 30, 2022, and 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 298,360	\$ 575,213
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	39,491	27,740
Bad debt expense	15,807	5,222
(Increase) decrease in assets:		
Grants and accounts receivable	83,581	1,322,255
Prepaid expenses	(21,114)	(10,291)
Increase (decrease) in liabilities:		
Accounts payable	1,853,769	(1,231,447)
Accrued salaries	8,159	16,241
Accrued benefits	6,479	64,111
Deferred revenue	(63,132)	20,670
	2,221,400	789,714
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(49,957)	(181,192)
	(49,957)	(181,192)
Net increase in cash and equivalents	2,171,443	608,522
Cash and equivalents, beginning of year	2,252,923	1,644,401
Cash and equivalents, end of year	\$ 4,424,366	\$ 2,252,923
Noncash investing activities:		
Conversion of work in process to property and equipment	\$ -	\$ 36,938

The accompanying notes are an integral part of these combined financial statements.

**Early Learning Coalition of Manatee County, Inc. and Affiliate**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE A – NATURE AND ACTIVITIES OF ORGANIZATION**

Early Learning Coalition of Manatee County, Inc. (the “Coalition”) is a non-profit organization, organized under the laws of the State of Florida. The Coalition’s role is to develop and administer a comprehensive school readiness program and Voluntary Pre-Kindergarten (VPK) delivery system that prepares children to succeed in school and in life. This is an ongoing process that involves building on existing services, working in cooperation with other programs for young children, and coordinating and integrating program funding to achieve efficiency and effectiveness.

From Cradle to College Foundation, Inc. (the “Foundation”) was established on January 30, 2017 as a separate 501(c)(3) organization under the laws of the State of Florida to engage in any lawful activity for which nonprofit corporations are allowed under state law and to act as a supporting organization for the benefit of the Coalition. The Foundation began activity during the fiscal year ended June 30, 2018.

The Early Learning Coalition of Manatee County, Inc. and the From Cradle to College Foundation, Inc. (collectively the “Organization”) are combined due to the Coalition having controlling interest in the Foundation. The Foundation was organized to be a supporting organization of the Coalition. Therefore, the accompanying financial statements are presented on a combined basis. All significant intercompany accounts and transactions have been eliminated in the combination.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Basis of Accounting and Financial Statement Presentation

The accompanying financial statements and accompanying schedules have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

*Net Assets With Donor Restrictions*

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions may include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy. See Note E for more information on the composition of net assets with donor restrictions and the release of restrictions.

Early Learning Coalition of Manatee County, Inc. and Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Cash and Equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

3. Property and Equipment

Equipment is stated at cost, if purchased, or at estimated fair value at the date of receipt if acquired by gift. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 7 years. The Organization's policy is to capitalize property and equipment with a cost in excess of \$5,000. Maintenance, repairs and minor renewals are expensed as incurred. It is policy of the Organization to maintain all property and equipment in good condition.

Property acquired with governmental funds is considered to be owned by the Organization while used in the program for which it was purchased or in future authorized programs; however, its disposition as well as the ownership of any proceeds therefrom is subject to applicable regulations.

4. Accrued Benefits

Accrued benefits represent vested vacation leave. Vacation leave is charged as an expense in the period in which it is earned by the employee.

5. Functional Allocation of Expenses

Expenses are allocated between program services and management and general supporting services. Salaries are allocated based on actual time spent in these activities or administration of programs. Other expenses are allocated based on direct usage or management's estimates of the benefit derived by each activity.

6. Advertising Costs

The Organization expenses all advertising costs as they are incurred. Advertising costs for the years ended June 30, 2022 and 2021 totaled \$29,553 and \$18,900, respectively.

7. Use of Estimates

Management of the Organization has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities, as well as pro rata allocations in the recording of expenditures, to prepare the accompanying combined financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

8. Income Taxes

The Organization is a not-for-profit organization that is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue code.

Early Learning Coalition of Manatee County, Inc. and Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Uncertain Tax Positions

The Organization accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefits are estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. The Organization has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Organization has determined that such tax position does not result in the uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. The Organization’s federal returns are generally open for examination for three years following the date filed.

10. Revenue Recognition

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when contract performance obligations are met.

The Organization also follows ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

Revenue from government grants is recorded when earned, which is generally when the allowable costs of the specific grant provisions have been incurred or the performance of services rendered. Such revenue is subject to audit by the grantor and, if the examination results in a deficiency of allowable expenses, the Organization will be required to refund any deficiencies. Management is of the opinion that all monies recognized as revenue have been earned as of June 30, 2022. These amounts are reflected as revenue without donor restrictions if received and expended in the same year.

Revenue from program fees are recognized when the earnings process is substantially complete, and goods have been delivered or services performed. Revenues from program fees are recognized in the year to which they relate. As part of the Voluntary Pre-Kindergarten grants, the Organization receives advances on revenue which are to be repaid to the state.

11. Accounts and Grant Receivables

Accounts and grant receivables at June 30, 2022 and 2021, consisted of amounts due from state and local agencies and were recorded when services were provided. The Organization’s receivables as of June 30, 2022 and 2021, are due in less than one year and are considered fully collectible. Bad debt expense for the years ended June 30, 2022 and 2021, totaled \$15,807 and \$5,222, respectively.

12. Concentration of Credit Risk

Financial instruments, which potentially expose the Organization to concentrations of credit risk, consist principally of cash bank deposits. The Organization’s policy is to place its cash investments in accounts with high quality financial institutions which are Federal Deposit Insurance Corporation insured, which provide coverage on balances up to \$250,000 per depositor per institution.

Early Learning Coalition of Manatee County, Inc. and Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Concentration of Credit Risk (continued)

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

At June 30, 2022 and 2021, the Organization had \$4,175,090 and \$1,866,706, respectively, in excess of the federally insured limit. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and equivalents. The Organization acknowledges that balances over the insured amount are subject to risk.

13. Summarized Financial Information

The combined financial statements include certain prior-year summarized information in total but not by net asset class or function. Such information does not constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021 from which the summarized information was derived.

14. Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. The guidance also eliminates today's real estate specific provisions for all entities. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2021. The Coalition is evaluating the potential effects ASU 2016-02 will have on its financial statements.

15. Recent Accounting Pronouncements Adopted

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*, which requires the monitoring and tracking of gifts in kind by asset category, while also noting any donor-imposed restrictions. The Organization adopted ASU No. 2020-07 effective July 1, 2021. The adoption has no significant impact on the Organization's financial statements.

16. Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year combined financial statements.

17. Subsequent Events

During March 2022, the Foundation and Coalition discontinued their joint efforts for fundraising and local funding through the Foundation's application to become a public charity with the Internal Revenue Service. The Foundation was approved in October 2022 to become a public charity and amended its by-laws to no longer be a supporting organization of the Coalition.

Management has evaluated the effect subsequent events would have on the combined financial statements through the date of these combined financial statements were available to be issued on March 22, 2023.

**Early Learning Coalition of Manatee County, Inc. and Affiliate**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE C – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 296,404	\$ 332,469
Leasehold improvements	31,348	31,348
Work in process	14,601	-
Less: accumulated depreciation	<u>(123,888)</u>	<u>(155,818)</u>
	<u>\$ 218,465</u>	<u>\$ 207,999</u>

Depreciation expense for the years ended June 30, 2022 and 2021, totaled \$39,491 and \$27,740, respectively.

**NOTE D – LINE OF CREDIT**

The Coalition has a \$400,000 revolving line of credit with BMO Harris Bank N.A. Advances on the credit line carry an interest rate of .75% plus Prime Rate from The Wall Street Journal (Prime Rate was 4.75% as of June 30, 2022). The Coalition decreased its credit line from \$1,000,000 to \$400,000 in 2016 that previously was for covering the shortfall related to the timing of the Child Care Executive Partnership (CCEP) funds from the State of Florida, Division of Early Learning (DEL). The credit line is secured by substantially all assets of the Coalition and has no expiration. As of June 30, 2022 and 2021, there was no outstanding balance on the line of credit.

**NOTE E – MOORE COMMUNICATIONS GROUP (“MCG”)**

In 2015, the Coalition was granted \$250,000 plus an additional \$40,000 for each of the following fiscal years from the Stanley G. Tate Florida Prepaid College Board for the production and distribution of a combined calendar for both Florida Prepaid College and VPK Family Activities. The program was previously known as “From Cradle to College” and was renamed as Moore Communications Group after the formation of the From Cradle to College Foundation, Inc. as described in Note A. See below for a summary on the revenue received and the direct expenditures that were spent towards the program each year:

<u>June 30, 2022</u>	<u>2021</u>	<u>Proceeds</u>	<u>Released</u>	<u>2022</u>
Florida Prepaid College Board	<u>\$ 4,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,972</u>
<u>June 30, 2021</u>	<u>2020</u>	<u>Proceeds</u>	<u>Released</u>	<u>2021</u>
Florida Prepaid College Board	<u>\$ 29,011</u>	<u>\$ -</u>	<u>\$ 24,039</u>	<u>\$ 4,972</u>

**Early Learning Coalition of Manatee County, Inc. and Affiliate**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE F – RETIREMENT PLANS**

The Coalition established a 403(b) retirement plan (the “Plan”) for its employees on February 1, 2009. All employees who have performed six months of credited service and are at least age 21, are eligible to participate. Employees are fully vested after six years of service. The percentage of employer contributions is approved annually by the Board of Directors. For the years ended June 30, 2022 and 2021, the Coalition funded the Plan at a rate of 5% of eligible gross salaries. The total contributions to the Plan for each year were \$115,311 and \$130,672, respectively.

The Foundation established a Simplified Employee Pension Plan (SEP Plan) for its employees on January 8, 2019. All employees who have performed three months of credited service and are at least age 21, are eligible to participate. The percentage of employer contributions is approved annually by the Foundation’s Board of Directors. For the years ended June 30, 2022 and 2021, the Foundation funded employee plans at a rate of 7% of eligible gross salaries. The total contributions to the SEP Plan for each year were \$6,745 and \$10,248, respectively.

**NOTE G – FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Organization utilizes other cost accumulators codes (“OCA”) to allocate expenses to appropriate program and support service categories. Salaries are allocated based on actual time spent in these activities or administration of programs. Other expenses are allocated based on direct usage or management’s estimates of the benefit derived by each activity.

**NOTE H – COMMITMENTS AND CONTINGENCIES**

*Operating leases*

The Organization leases its office space under an operating lease with an unrelated party that expires in fiscal year 2024. The Organization has the option to cancel its office space lease if more than 10% of the Organization’s primary funding is eliminated by the Organization’s funding sources. The Organization also leases copiers, postage meter, vehicle, and server that are included in the following schedule of future minimum lease commitments:

Years ending June 30,		
2023	\$	293,511
2024		1,705
Total minimum lease payments	\$	<u>295,216</u>

Lease expense for the years ended June 30, 2022 and 2021, totaled \$309,171 and \$298,828, respectively, which is included in occupancy expense on the Combined Statements of Functional Expenses.

*Federal and state appropriated funds*

The Organization may be subject to audit examination by funding sources to determine compliance with grant conditions. In the event that expenditures would be disallowed, repayment could be required. Management believes the Organization is in compliance with the terms of its grant agreements.

Early Learning Coalition of Manatee County, Inc. and Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2022

**NOTE H – COMMITMENTS AND CONTINGENCIES (continued)**

*Litigation*

In the normal course of conducting its operations, the Organization occasionally becomes party to various legal actions and proceedings. At this time, management is not aware of any claims or legal action or any pending or threatened litigation that might have material impact on the Organization's financial position, results of operations or cash flows. While management believes that the Organization has adequate general and professional liability coverage, current or subsequent claims could result in additional costs to the Organization.

**NOTE I – RENTAL INCOME**

The Foundation entered into a sublease agreement with the Coalition for use of its facilities for office and storage space beginning April 2020 and has renewed annually through March 2023. Monthly rental payments were made to the Coalition in the amount of \$250. Rental payments totaled \$2,750 for the year ended June 30, 2022 and are included within the Coalition's other income of the Combining Schedule of Activities and Changes in Net Assets and eliminated.

**NOTE J – CONCENTRATION**

Approximately 89% and 85% of the Organization's revenue is provided by DEL for June 30, 2022 and 2021, respectively. A significant decline in funding to the Organization could adversely affect the operating results of the Organization. The continuance of state and federal funding is subject to annual legislative budgetary review.

**NOTE K – LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization's financial assets available within one year of the combined statements of financial position date for general expenditures are as follows:

	<u>2022</u>	<u>2021</u>
Cash and equivalents	\$ 4,424,366	\$ 2,252,923
Grants and accounts receivable, net	<u>900,758</u>	<u>1,000,146</u>
Total financial assets available within one year	<u>5,325,124</u>	<u>3,253,069</u>
Less:		
Amounts unavailable for general expenditures within one year:		
Accounts payable	(3,959,948)	(2,106,179)
Accrued liabilities	(340,197)	(325,559)
Deferred revenue	(22,690)	(85,822)
Lease payments	<u>(293,511)</u>	<u>(305,577)</u>
Total amounts unavailable for general expenditures within one year	<u>(4,613,346)</u>	<u>(2,823,137)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 708,778</u>	<u>\$ 429,932</u>

Early Learning Coalition of Manatee County, Inc. and Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2022

**NOTE K – LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)**

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations as they come due. The Organization receives approximately 89% and 85% for the years ended June 30, 2022 and 2021, respectively, of its funding from federal and state grants passed through DEL which are on a reimbursable basis. Throughout the year, the Organization receives advances and reimbursements each month to cover incurred expenses. To help manage unanticipated liquidity needs, the Organization at times receives advances from DEL. In addition, to help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$400,000 for the years ended June 30, 2022 and 2021, which it may draw upon.

**NOTE L – RISK AND UNCERTAINTY**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation.

**NOTE M – CONTRIBUTED NON-FINANCIAL ASSETS**

Contributed non-financial assets that are measurable are recorded as support at their fair values at the date of receipt by the Organization. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Upon receipt of contributions of non-financial assets, a corresponding amount is recorded as an expense or is capitalized as property and equipment. Sponsorships include waived fees for events; donated materials include tickets, signage, and gift cards; and professional services include donated accounting services. For the years ended June 30, contributed non-financial assets recognized as revenue and expense within the Statements of Activities and Changes in Net Assets and Statements of Functional expenses included:

	2022	2021
Sponsorships	\$ 9,000	\$ 7,000
Donated materials	4,950	4,263
Professional services	2,000	3,000
	<u>\$ 15,950</u>	<u>\$ 14,263</u>